

# NHID E-NEWS

Issue 1

April 2004

## *COMMENTS FROM THE COMMISSIONER'S OFFICE*

This inaugural issue of the New Hampshire Insurance Department's "NHID E-News" has been designed to provide helpful information of broad interest to both consumers and the New Hampshire insurance industry. A regular feature of NHID E-News will be the "Comments from the Commissioner" column. Through the use of this regular column, we hope to keep you abreast of timely issues that I believe are important.

The Department continues to monitor the P&C marketplace throughout the state. We work closely with the agent community, carriers and trade associations to determine if and where problems exist, and to consider strategies to address any issues. Although the market is not without issues, such as availability of HO coverage in the admitted market for properties on the ocean and habitation coverage, in general there seems to be some stabilization going on. We continue to encourage carriers to devise and propose creative products to meet these needs and welcome new carriers into the marketplace.



Commissioner Roger A. Sevigny

On the health side we have been busy with new filings received from both existing health carriers and some new market entrants. The Department maintains a list of carriers currently writing in the small group market on our web site at <http://www.nh.gov/insurance>.

On the national scene, we are participating in a number of NAIC programs, and are closely monitoring legislative initiatives in Washington. We are committed to the modernization of insurance regulation, and we strongly support continued state regulation of insurance to ensure an effective and efficient process that provides appropriate levels of consumer protection.

In our next issue we will bring you news of the NH General Court's actions on insurance issues and on other NH statutes of interest. We will also review federal legislative proposals and discuss health plan discount card schemes.

We intend to publish NHID E-News quarterly in April, July, October and January of each year. We hope you find the newsletter informative, and we welcome your comments and suggestions.

**Commissioner of Insurance, Roger A. Sevigny**

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# 2003 LEGISLATION HIGHLIGHTS

In 2003, the Department sponsored one major legislative proposal, **Chapter 150 (House Bill 684)**. This act relative to insurance rating for property and casualty insurance is designed to foster a more competitive marketplace as well as improve availability and affordability of property and casualty products for consumers. It also encourage greater efficiency and economy in

marketing practices. Effective: January 1, 2004

The Department participated in the legislative debate relative to small group health insurance. The bill, **Chapter 188 (Senate Bill 110)**, addresses small group health insurance coverage and health plan loss information. Among the reforms the bill implements are changes in small group size,

reducing it from 1-100 to 1-50 persons., allowing underwriting and providing for a variety of rating factors. The jury is still out regarding the impact this bill will have on the marketplace. Effective: Various dates see [www.gencourt.state.nh.us/ns/](http://www.gencourt.state.nh.us/ns/). For a copy of the NHID Analysis & Fact Sheet see [www.nh.gov/insurance](http://www.nh.gov/insurance)

## RULE MAKING—ADOPTED 2003

The New Hampshire Insurance Department adopted the following Rules. For additional information refer to the NHID Web site: [www.nh.gov/insurance](http://www.nh.gov/insurance)

### **Ins 3700 Standard for Safeguarding Privacy of Customer Information**

This rule establishes standards for developing and implementing administrative, technical and physical safeguards to protect the security, confidentiality and integrity of customer information in line with specific sections of the Gramm-Leach-Bliley Act, (15 U.S.C. 6801 et seq)

Adopted: 09/22/03  
Effective: 01/01/04

### **Ins 1804 CCRC Annual Reports**

The amendment to Ins 1800 found at Ins 1804.01 (d) (2) enables CCRCS to file annual financial information by filing audited financial statements.

Adopted: 11/25/03  
Effective: 12/01/03

### **Ins 3900 Disability Insurance**

Was promulgated in accordance with RSA 415-A Standards for Accident and Health Insurance, and the U.S. Department of Labor Benefit Claims

Procedure Regulation 29 CRF 2560.503 to establish the minimum requirements for carriers pertaining to claims for disability benefits.

Adopted: 12/22/03  
Effective: 03/01/04

### **Ins 100 Organizational Rules**

Delineates the organizational structure of the New Hampshire Insurance Department.

Adopted: 11/04/03  
Effective: 08/25/03

## BULLETINS ISSUED

Following are summaries of bulletins issued during the second half of 2003. For the full text refer to the Department's Web site: [www.nh.gov/insurance](http://www.nh.gov/insurance)

### **Bulletin RE: Chapter 188, Laws of 2003 (SB 110) Rating and Billing Issues**

An interpretive bulletin to assist carriers and producers in implementing the new rules governing small employer group health insurance.

**Issued: August 26, 2003**

### **Bulletin RE: New RSA 400-A: 32-a Timely Mailing NEW RSA 400-A: 32-B Electronic Funds Transfer Required by Chapter**

### **144 of the Laws of 2003 (HB 460)**

An informational bulletin clarifying the provisions of Chapter 144 relative to timely mailing and filing, and required use of electronic funds transfer.

**Effective Date: January 1, 2004**

**Issued: September 8, 2003**

### **Bulletin RE: Chapter 188, Laws of 2003 (SB 110) Clarification of Guaranteed Issue Requirements**

The new law requires that all carriers in the market issue insurance to small groups and renew insurance upon request of a small group. Failure to comply with the guaranteed issue requirements during the transition period, or at any time, will be investigated by the Department.

**Issued: October 3, 2003**

### **Bulletin RE: "Net Worth" Provision**

### **Application of 2003 Chapter 184 (SB 178)**

Clarification of meaning of "Covered claim." Amended language is not applicable to any liquidation or liquidation order issued prior to August 23, 2003.

**Effective Date: August 23, 2003**

**Issued: October 7, 2003**

### **Bulletin RE: Approval of the Workers Compensation rates and loss costs**

**Issued: December 5, 2003**

**Effective Date: January 1, 2004**

## ENFORCEMENT NEWS

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Following are NHID administrative and enforcement actions concluded during the second half of 2003.

### PRODUCER ACTIONS

**RE: Kurt L. Meister**  
**Consent Order and Agreement**  
**Docket No.**

**INS NO. 03-036-EP**

Failure to report an administrative action taken by another jurisdiction within 15 days of the final disposition.

**Order and Agreement:**

September 10, 2003.

**Action and Penalty:**

Administrative fine of \$500.00. Failure to pay the fine shall result in automatic and immediate license revocation.

**RE: Michael A. Weisburger and B. and D.A. Weisburger, Inc.**

**Consent Order and Agreement**

**Docket No.**

**INS NO. 03-037-EP**

Failure to report an administrative action taken by another jurisdiction within 15 days of the final disposition. On April 22, 2003 the Connecticut Insurance Department issued a Complaint, Stipulation and Final Order for violations of Connecticut law regarding unlicensed activity. Without either admitting or denying the allegations, a stipulation was executed under which it was agreed to pay a fine of \$2,000 to the State of Connecticut.

**Order and Agreement:**

September 10, 2003.

**Action and Penalty:**

Administrative fine of \$500.00. Failure to pay the fine shall result in automatic and immediate license revocation.

### COMPANY ACTIONS

**RE: Life Quotes, Inc.**  
**Consent Order and Agreement**  
**Docket No.**

**INS NO. 03-021-EP**

**Issue:**

Failure to report an administrative action taken by another jurisdiction within 15 days of the final disposition.

**Order and Agreement:**

June 4, 2003.

**Action and Penalty:** Administrative fine of \$100.00  
Failure to pay the fine shall result in immediate and automatic revocation of license.

**RE: American Trust Administrators, Inc.**

**Consent Order and Agreement**

**Docket No.**

**INS NO. 03-023-EP**

**Issue:**

Failure to report an administrative action taken against by another jurisdiction within 15 days of the final disposition.

**Order and Agreement:**

June 4, 2003.

**Action and Penalty:**

Administrative fine of \$100.00 Failure to pay the fine shall result in immediate and automatic revocation of license.

**RE: Horace Mann Insurance Company and Teachers Insurance Co.**

**Consent Order and Agreement**

**Docket No.**

**INS NO. 03-025-EP**

**Issue:**

The named parties filed the Automated Automobile Insurance Application Form for approval. The form application was disapproved on May 23, 2001. The companies re-filed the same form without the offensive language on August 29, 2001. Through a consumer complaint, it was determined that the company continued using the unapproved form/language. The company agreed to pull the unapproved form and pay a penalty.

**Order and Agreement:**

June 16, 2003.

**Action and Penalty:**

Administrative fine of \$6,000.00 in total.

### LICENSE DENIALS

John P. Russell

**Date:**

August 27, 2003.

**Action:**

Denial of licensing due to prior conviction for class C felony.

Paul Gagne

**Date:**

September 30, 2003.

**Action:**

Denial of application for license, due to previous suspension of license, cancellation of license due to failure to pay fine of \$10,350.00 and to a felony conviction.

## COMPANY INFORMATION

Over the course of 2003, many companies were either merged or sold. Following is a compendium of the changes that took place for companies doing business in New Hampshire.

### COMPANY NAME CHANGES:

<u>OLD NAME</u>	<u>NEW NAME</u>	<u>EFFECTIVE DATE</u>
UNDERWRITERS REINSURANCE CO.	RSUI INDEMNITY CO.	06/25/2003
EMPLOYERS MODERN LIFE CO.	EMC NATIONAL LIFE CO.	07/01/2003
SUMITOMO MARINE & FIRE INS CO. OF AMERICA	MISTSUI SUMITOMO INS CO. OF AMERICA	07/01/2003
mitsui MARINE & FIRE INS.	MITSUI SUMITOMO INSURANCE USA INC.	07/01/2003
ALLIANZ INSURANCE CO.	ALLIANZ GLOBAL RISKS US INS. CO.	07/09/2003

### COMPANY MERGERS:

<u>OLD NAME</u>	<u>WITH AND INTO</u>	<u>EFFECTIVE DATE</u>
PIONEER LIFE INSURANCE CO.	WASHINGTON NATIONAL LIFE INS CO.	07/01/2003
CONSECO MEDICAL INSURANCE CO.	WASHINGTON NATIONAL LIFE INS CO.	07/01/2003
NATIONAL TRAVELERS LIFE CO.	EMPLOYERS MODERN LIFE CO.	07/01/2003
ASSOCIATES FINANCIAL LIFE INS. CO.	AMERICAN HEALTH & LIFE INS. CO.	07/01/2003
SECURITY-CONNECTICUT LIFE INS. CO.	RELIASTAR LIFE INS. CO.	10/01/2003

### NEWLY LICENSED COMPANIES:

<u>COMPANY NAME</u>	<u>TYPE OF LICENSE</u>	<u>EFFECTIVE DATE</u>
JMIC LIFE INSURANCE CO.	LIFE, ACCIDENT & HEALTH	07/25/2003
HANOVER NEW JERSEY INS. CO.	PROPERTY & CASUALTY	08/01/2003
FARMERS NEW WORLD LIFE INS. CO.	LIFE, ACCIDENT & HEALTH AND VARIABLE PRODUCTS	08/27/2003
PROGRESSIVE HALCYON INS. CO.	PROPERTY & CASUALTY	08/29/2003
EVEREST NATIONAL INS. CO.	PROPERTY & CASUALTY, AND ACCIDENT & HEALTH	09/02/2003
SBLI USA MUTUAL LIFE INS. CO., INC	LIFE, ACCIDENT & HEALTH	10/29/2003
ARCH REINSURANCE COMPANY	PROPERTY & CASUALTY	12/19/2003

### CANCELLED LICENSES:

<u>COMPANY NAME</u>	<u>TYPE OF LICENSE</u>	<u>EFFECTIVE DATE</u>
BERKSHIRE MUTUAL INS. CO. (Voluntarily cancelled)	PROPERTY & CASUALTY	07/01/2003

### MARKET WITHDRAWALS:

<u>COMPANY NAME</u>	<u>DISCONTINUED PRODUCT</u>	<u>EFFECTIVE DATE</u>
CONTINENTAL CASUALTY CO.	IND. LT CARE INS. IN NH	10/03/2003
VALLEY FORGE LIFE INS. CO.	IND. LT CARE INS. IN NH	10/03/2003
CONTINENTAL GENERAL INS. CO.	MAJOR MEDICAL HEALTH INS. IN NH	04/30/2004
NATIONWIDE LIFE INS. CO.	IND. DISABILITY INCOME INS. IN NH	09/30/2003
ALLIANZ LIFE INS. CO. OF NORTH AMERICA	LG & SM EMPLOYER GROUP MAJOR MEDICAL IN NH	09/01/2003

## COMPANY INFORMATION (CONT.)

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### **REHABILITATIONS:**

Pawtucket Mutual Insurance Co. was placed in rehabilitation by Order of the Providence County Superior Court of the State of Rhode Island at the request of the Rhode Island Division of Insurance on May 2, 2003. New Hampshire coverage in Pawtucket must be replaced in other markets after June 30, 2003. Additional information may be obtained from the Rhode Island Department of Business Regulation's Web site, ([www.dbr.state.ri.us/prime1.html](http://www.dbr.state.ri.us/prime1.html))

### **LIQUIDATIONS:**

Home Insurance Co. was placed in liquidation by Order of the Merrimack County Superior Court of the State of New Hampshire at the request of the New Hampshire Insurance Department on June 13, 2003. Payment was suspended on all claims except workers' compensation, automobile personal injury protection and Canadian claims. The company has not written new business since 1995. Additional information may be obtained from the NH Insurance Department's Web site, [www.nh.gov/insurance](http://www.nh.gov/insurance)

## CANINE LIABILITY EXCLUSIONS—A RETENTION TOOL

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The Department has approved ISO rate and form filings for canine liability exclusions under Homeowners and Dwelling Liability. The filings become effective 7/01/04. The ISO reference numbers are HO 2004 RAL1, HO 2004 OAL1, DL 2004 RAL1, and DL 2004 OAL1. The exclusions may not be used on a blanket basis. Each risk must be underwritten. The Endorsements have been created for use in specific instances where the dog has displayed aggressive behavior, has caused injury or damage or the carrier has identified, through their experience, a breed of concern.

In an effort to alleviate some of the availability issues in the homeowners market resulting from canine ownership, the Department will review, on an expedited basis, all ISO canine liability exclusion filings submitted that request an adoption date prior to 7/01/04.

## DEPARTMENT WELCOMES BARBARA RICHARDSON

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The Department has hired Barbara Richardson to serve as the Department's Director of Operations. Ms. Richardson will assist the Commissioner on personnel matters and day-to-day management tasks. In addition, she will have project management responsibility for all IT, regulatory modernization, and speed to market initiatives. Ms. Richardson has extensive managerial experience, a strong IT background, significant work experience in the insurance and financial services industry, an MBA and a JD.



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